

NASDA POLICY STATEMENT

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GUIDING PRINCIPLES FOR AGRICULTURAL COMPETITIVENESS AND WORKING PARTNERSHIPS

PURPOSE

The commissioners, secretaries, and directors of the state departments of agriculture are keenly aware of the changing dynamics in food and fiber production around the world. As the chief agricultural officers in their states, they understand the importance of the entire food and agricultural sector — not only to their states but to the national economy as well. From their vantage point comes the National Association of State Departments of Agriculture's (NASDA) comprehensive set of strategic policy initiatives designed to enhance U.S. agricultural competitiveness and ensure the survivability and enhance the profitability of American producers. Our purpose is to contribute to a wide-ranging and constructive debate on agricultural policy in the new century.

INTRODUCTION

Agriculture is an important force in the economic, social, and political fabric of America. Policy decisions for and about agriculture, from the Homestead Act that helped settle the West, to the development of our Land Grant college system, were essential building blocks of our society. Now, as America faces the information age and the technology revolution of the 21st century, policy makers must not forget the agricultural foundation that supports our place in the world. Moreover, since the United States has experienced terrorist attacks and it continues to monitor and plan against terrorism in all its forms, there will be an unprecedented focus on the integrity and safety of our farm to table food supply chain. This will be a challenge for producers and policy makers alike.

Farming and ranching are the foundations of our \$1 trillion food and fiber business and nearly \$60 billion in annual exports. Agriculture is a major contributor in our country's trade balance. This vast industry is not only essential to the economic health of rural America, it generates almost 16 percent of the total economic activity in the nation, as well as providing almost 18 percent of the country's jobs. This economic mainstay is rooted in the land resources of the country. More than 900 million acres of agricultural land is in the care of farmers and ranchers and their families, accounting for 60 percent of land use in the lower 48 states. Not only is a sound agricultural sector critical to the health and prosperity of our nation, it is essential to the environmental health of the nation as well.

However, the business of producing food and fiber is undergoing unprecedented change. Economic, environmental, consumer, and technological forces beyond the control of individual farmers and ranchers drive this change. And as we have learned, so too does the necessary defense of our nation. Federal and state policy makers need to be aware of these forces to make prudent policy decisions that will help position American agriculture to benefit from the opportunities this change will bring about. To ensure the future viability of our nation's production agriculture industry, it is clear that state and federal policy makers must work together.

NASDA's Guiding Principles offer certain priorities for federal policy. Those priorities include important new roles for states, especially in the area of program and service delivery. These concepts are put forth as an attempt to best serve the needs of our agricultural producers in an increasingly competitive worldwide marketplace.

GUIDING PRINCIPLES

NASDA's policy process is guided by six principles designed to be the guidelines for a comprehensive, coordinated, agricultural policy. We urge federal policy makers to adopt similar guidelines.

Profitability and Viability: A financially healthy and profitable agricultural sector is essential to

the production of a safe, fresh, and affordable food supply. Moreover, economically viable farming and ranching enterprises will enable producers to increase their efforts to maintain a healthy environment, protect our natural resources, and build stronger rural communities.

Level Playing Field: A financially healthy and competitive agricultural economy can only result from a fair marketplace — domestic and global — where efficient, productive farmers and ranchers have economic marketing and bidding power commensurate to their assets and production capabilities.

Non-Trade Distorting: American producers are among the most efficient in the world. Open international — and domestic — markets would not only benefit U.S. producers, but are a foundation upon which U.S. agriculture relies. Thus, NASDA's recommended policies are intended to be market-based and non-trade distorting, which means that certain safeguards may be pursued, such as access to information and reasonable but certain anti-trust enforcement.

Flexibility in Regulation: One size does *not* fit all. Government policies and programs should be flexible, and to the maximum extent possible, based on voluntary participation through incentive-based approaches. While regulations should be appropriately based on national goals, they should also be controlled and implemented at the state level.

Sound Science: The foundation of the agricultural sector has long been the development and adoption of science-based practices derived from reliable data and information. As business people, agricultural producers have looked to science for the best information possible to make decisions. Sound, peer-reviewed science policies and methodologies for assessing risk must be the standard for government regulations and international trading rules.

Maximum Delivery Through States: New and expanded programs should emphasize the role of states in terms of delivery. Particular emphasis should be placed on partnerships and pilot projects.

A BROADER POLICY HORIZON FOR AGRICULTURE

The focus of farm policy has varied throughout history. The Agricultural Adjustment Act of 1933 established the first major price support and acreage reduction program and set parity as a goal for farm prices. Much of the policy infrastructure of today remains a legacy of that seminal 1933 act.

As American agriculture enters the 21st century, however, the traditional approach will not be enough to ensure adequate opportunities for success. The extent of global competition for U.S. producers has expanded into capital, tax burdens, labor supplies, environmental and regulatory constraints, food safety concerns, land costs, and the relative degree of access to foreign markets. In one sense, all of these factors can be viewed merely as different "forms" of risk to be managed.

MANAGING RISK

NASDA's ideas are built on the principle that the most effective agricultural policy is one that allows today's producers to manage all the risks they face in order to maximize their opportunities for profitability. U.S. farm policy should not guarantee that every farmer makes a profit; it should, however, provide an adequate "safety net" and a range of tools to manage risk, in all its forms, to ensure that good producers are not put out of business due to arbitrary forces beyond their control.

Indeed, risk goes beyond commodity price fluctuations. Broader economic changes, such as energy and fertilizer costs, are perhaps some of the biggest economic challenges facing producers today. The range of environmental and food safety challenges faced by farmers and ranchers are complex, involve a higher

level of scientific scrutiny and uncertainty, and are influenced by a diverse mix of stakeholders and interests. Moreover, in today's global market producers face food security risks from animal health issues and plant diseases, both here and abroad. The goal of government policy at both the federal and state level must be to ensure that opportunity accompanies each new risk that faces American agriculture. Those risks are economic and environmental; and they are local and global. They come from both the marketplace and governmental policies. This broader, more encompassing concept of risk, should be what we mean when we use the terms "risk" and "risk management." And this broader meaning of risk management must, in turn, be the foundation of comprehensive agricultural policy that is designed to both protect producers' assets and provide new market opportunities.

CORE AREAS FOR POLICY

NASDA has identified six core areas of a broad, risk management/opportunity-based agricultural policy. Together they encompass the elements that a comprehensive agriculture policy for the 21st century must include.

Farm and Food Security: Federal farm policy should provide an adequate safety net which ensures good producers are not put out of business due to forces beyond their control. Providing this safety net will assure consumers of a safe, affordable supply of food.

Stewardship: Protection of our natural resources and the safety of our food supply is a necessary element to any comprehensive farm and food policy.

Market Integrity, Opportunity, and Expansion: Whether in global trade or a local farmers' market, the integrity of the marketplace in terms of transparency, price discovery, and competitiveness, is paramount. Farm policy should also focus on what tools are necessary to find new market opportunities, through trade, new uses, or even new technologies from e-commerce to biotechnology.

Investments in Critical Needs: These critical needs encompass the infrastructure — both physical and economic — which runs the range from locks and dams, to research, to price discovery. These are the cornerstones to a viable agriculture sector.

Agriculture Flexibility and Partnership: To target and streamline the delivery of services and administration of selected programs to producers, states may assume the responsibility for implementing certain federal programs. With agriculture flexibility (Ag-Flex), states are encouraged to create innovative solutions to local priorities, with performance based on benchmarks. The potential is for a system that benefits federal agencies by better using the inherent local strengths and accountability of the states.

Biosecurity: Protection of the security of our nation's food and agricultural resources from deliberate or accidental introductions of harmful biological, chemical, radiological, incendiary or explosive agents is critical. Biosecurity needs to include plants, animals, foods produced and stored as well as the equipment and chemical products used in agricultural production.

ROLE OF THE STATES

NASDA's members, perhaps not surprisingly, view the role of the states as a critical element of any federal agricultural policy. Enough so, that the role of the states is worthy of special comment in this introduction.

Competing priorities and increasing demand for resources, combined with consumers' demands and the need for a level playing field for producers, mean that the old way of doing things has to be re-examined. Nowhere is this more true than in the area of regulatory implementation and program and service delivery. States can play a key role in making the delivery of services to producers and the protection of consumers more efficient and effective.

States already play an indispensable role in the regulation of pesticides, for example. It is largely up to the states to regulate pesticide licenses and certifications, to protect groundwater resources, endangered species and agricultural workers. States are relied upon to conduct inspections, and provide technical assistance. This system provides a valuable model for other policy areas – from new priorities such as food safety, to more traditional areas such as the delivery of program services. Indeed, state departments of agriculture are close to the producers and can provide a much needed front-line common sense practicality to implementing federal programs and applying federal regulations.

To be successful, however, such a program must be based on certain principles of partnership. First, it must be clear that federal-state partnerships do not become new unfunded federal mandates on the states. Because states can enhance the efficiency of certain federal programs, it does not follow that states can — nor should they — shoulder the fiscal responsibility of federal initiatives. Second, the partnership must be based on recognition that each party has certain capabilities, authorities, and responsibilities that are mutually beneficial. Third, partnerships must be built to accomplish certain goals and priorities. Using these principles as guideposts, NASDA members believe there is an expanded role for effective federal-state partnerships in agricultural policy.

Using these guiding principles, NASDA members have developed the following policy statements. These are NASDA's operational, working policies that guide our efforts to influence the development and implementation of sound policy and programs at all levels and branches of the federal government.